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May 16, 2017

Hon. Gregory H. Woods  
U.S. District Court, SDNY  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl Street  
New York, NY 10007-1312

**Re: *Sandton Credit Solutions Master Fund III, LP v. Imperatis Corp., et al.*,  
SDNY NO. 16-cv-8376-GHW**

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Dear Judge Woods:

The Court directed the parties to submit a joint report regarding the status of settlement efforts. Due to an oversight by the undersigned counsel for Plaintiff Sandton Credit Solutions Master Fund III, LP ("Sandton") and counsel for Defendant Defense Finance and Accounting Service ("DFAS"), this joint report is regrettably overdue.

Since the last appearance before the Court, the parties participated in two calls with Magistrate Judge Parker. Sandton provided the underlying lien documents to DFAS, and Sandton and DFAS exchanged settlement positions. Sandton and DFAS also exchanged their respective analyses of the implications of a potential bankruptcy on these proceedings.

The parties have ex parte submissions due to Judge Parker on May 17, 2017, a preliminary telephonic settlement conference scheduled for May 22, 2017, and an in-person settlement conference scheduled for June 20, 2017.

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The parties respectfully request that the Court not set a motion schedule pending the outcome of the scheduled settlement conferences.

Respectfully,

Eric E. Reed

cc: AUSA Michael J. Byars, Esquire  
Ronald S. Beacher, Esquire